

Big slush looms over \$1b gold mine

Newmont's plan for Waihi is not going to be popular with everyone

by Grant Bradley
grant.bradley@nzherald.co.nz

The sight of Newmont Waihi Gold's humble headquarters getting a new roof is cause for celebration or dread – depending on where you live.

The leaky old former electronics factory is getting its first spruce up for years and there's a fleet of new SUVs in the carpark. Newmont is digging in.

Denver-based Newmont is the world's second biggest gold miner but plans it has for a new mine in Waihi certainly register on its global work plan. Within weeks it will lodge an application with local and government authorities to build a new mine under the town which it says at current gold prices could be a billion dollar earner.

To get to the proposed Correnso Mine, the company will spend hundreds of millions of dollars tunnelling to a depth of 350m beneath east Waihi. That's not going to be popular with environmentalists and some residents – one of whom said living near the mine was like "hell on earth".

The company is expecting a legal fight that could stretch into 2014. The proposal will run through the full Resource Management Act process and the company is steeling itself for an appeal to the Environment Court.

Blasting and boring through volcanic rock to quartz veins and reefs could add another two years but Newmont's biggest project this decade takes its Waihi operation to 2021.

Until Correnso was contemplated and the company embarked on two smaller projects, there were signs mining could have ended in the town in just two or three years time.

Newmont's Otago-born external affairs manager Sefton Darby started work there about 18 months ago after working on British government aid projects in energy-rich countries in Africa. "When I started this job it was ill meant to end in 2015 and then what. Correnso is the big push."

The capital spend to bore 13.5km of truck-size tunnels is estimated at at least \$200 million in addition to the \$190 million a year the company says it spends on goods, services, rates, axes and royalties. About a third of that is spent within 30km of Waihi, a town of about 4500.

While Correnso is the big hope, there's a surge of other activity by Newmont. Another \$70 million underground mine, Trio, is set to start producing in May.

It could produce 200,000oz of gold over two years.

And in the open pit Martha Mine, a giant 250m deep hole in the middle of town, the company wants to drill exploratory tunnels into the pit wall that will spiral down further to try and find more of what the old timers find behind.

Darby described the exploration project as a "\$55 million to \$60 million punt".

While the pit has become the most visible part of Newmont's operation, it provides only about 20 per cent of Waihi revenue. Most over the past 10 years has come from underground mining at Favona.

If samples show commercially viable signs of gold and silver, the life of an open pit could be extended beyond 2014 when mining was due to end. But the pit tunnelling plan – an extension of an existing mining permit – has resulted in around 15 appeals to the Environment Court. Outside environmental opponents it's hard to find many who op-

From C1 Gold fever

pose mining in an area where gold was discovered 150 years ago, but the prevailing view among residents who are most affected is that it's in the "right place but wrong time".

Noise, dust and vibration from scheduled blasting are constant gripes. Some feel cheated the pit was not closed as initially expected in 2007 and filled with water for a recreational lake which was part of the plan earlier this decade.

Slumping caused by collapsed tunnels or vertical stopes and shafts – in 2001 a house was swallowed – have also sparked fears over eligibility for insurance and property values.

A stone's throw from the pit is Seddon St – the main street – where the area's gold mine heritage is celebrated in statues and monuments, and geologists mix with locals in cafes and shops request that dirty boots be removed.

When the price of gold goes up all the promises go out the window.

Catherine Delahunty, Green MP

Surfwear retailer Graeme "Chook" Fowler is a big fan of the mines. He's been in business in the town for 40 years and says Newmont means a lot to the town.

"A lot of the problem here is that people aren't moving with the times. When the open pit was first mined (in 1987) the old shop used to bang and rattle a bit a couple of times a day but they are so deep now you don't feel a thing."

Newmont has donated \$4 million over the past two years directly to community projects but Fowler reckons it could do more and spend an even greater proportion of its budget in town.

Across the road at Koru Florist and Gallery owner Melanie Kaczon is enthusiastic about the proposed expansion and puzzled by some residents' objections. "It's quite obvious there's mining here. Most of them have come here recently."

Newmont has a corporate account with her but also buys from another florist in town. "They like to share the love around," she said.

In Waihi east the mood is different. A big drilling rig is at work on the berm along Waimsey Rd, just metres away from a house.

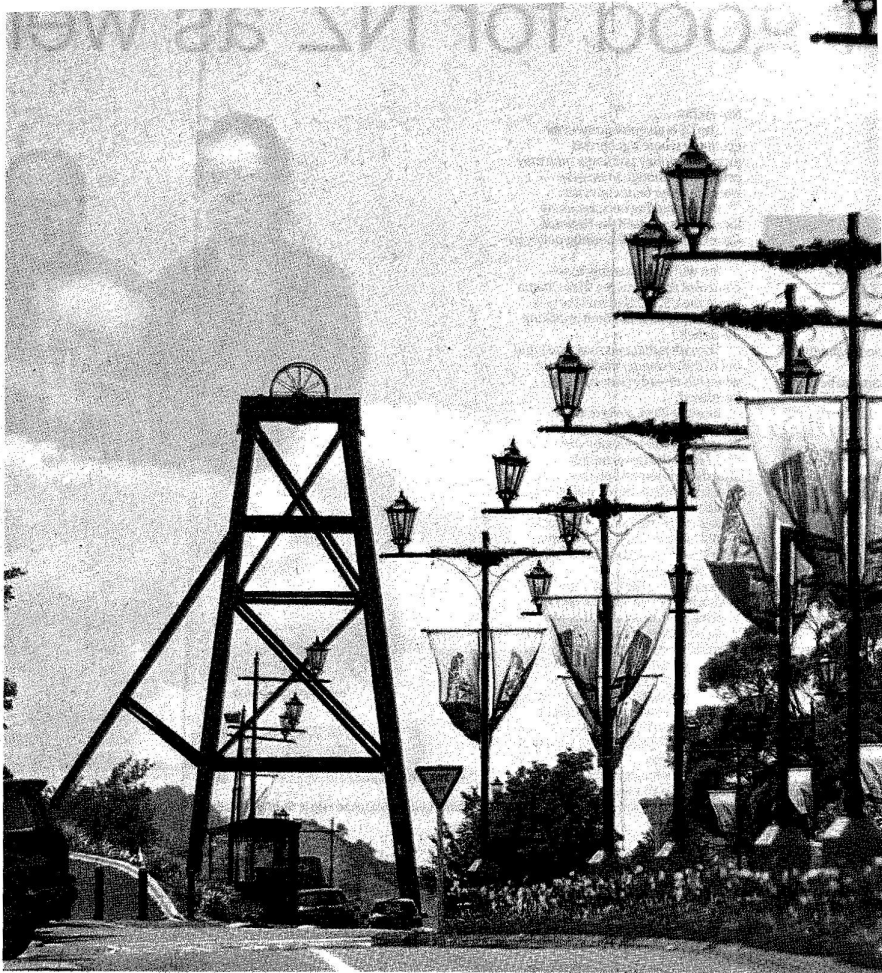
Around the corner George and Gail Dragicevich are worried. The couple moved from Napier five years ago to be close to family in Auckland.

"It's like hell on earth. It's never stopped. If it's not something booming it's a shaking and rattling or the dust," Gail Dragicevich said.

The couple have tried to sell their home for 16 months with no luck. They say they expect to have to drop their price by 30 per cent to attract any interest. Prospects of the Correnso Mine have them even more worried.

"The thought that we're going to have tunnels around both sides of our house will mean we'll have to put that on our Lim report and it will be harder to sell."

Another resident, who did not



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Melanie Kaczon (above), owner of Koru Florist and Gallery, is enthusiastic about the proposed expansion. Newmont's Otago-born external affairs manager Sefton Darby (left) in front of the Martha Mine. Pictures / Steven McNicholl



Heartland of the quest for hidden rich

Waihi is the most productive centre of the Hauraki goldfield, which stretches up the Coromandel Peninsula.

In Waihi, about four tonnes a year has been produced during the past 20 years. Since 1987, when open-cast mining started in the town, more than 86 tonnes has been produced, about a third of

what was mined there during the boom times which started in the 1880s and were finished by 1952.

Just under half of New Zealand production comes from Waihi and the country contributes 0.5 per cent of total global production of 2500 tonnes a year.

According to Newmont figures, only 140,000 tonnes of gold has

been mined throughout history, the equivalent of a rugby field stacked one metre high.

Because gold is recyclable, gold that has been mined is still in use.

During the past two years the price of gold has risen because of economic uncertainty and political unrest but also because of rising demand from a growing middle

class in India and China.

While the gold price has peaked in 1980 in non dollars, in inflation-adjusted it is less than it was then.

The US\$850 gold price was worth about US\$23; but it is now trading around US\$1700.

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want to be named because of fears of repercussions, said uncertainty over where the miners would target next was eroding property values.

"I've got nothing against mining, people need gold... but there's a time and a place for everything."

Newmont has bought property before and Darby says the company is finalising an "eight figure" package that will be released in the next few weeks. This could involve buying property affected by new mining and guaranteeing resale prices at market value. "We're not obliged to buy any houses that are under the vibration limit. Any purchases we do make will

be voluntary." Darby said the company has spent years explaining what caused slumping a decade ago – the collapse of historic workings. Tunnels were now backfilled, he said.

Long-time opponent, Green MP Catherine Delahunty is not moved.

There was no place for industrial scale mining anywhere on the Coromandel, even if it was locally owned. "People are panicked about Correnso. There's a lot more opposition," she said.

"When the price of gold goes up all the promises go out the window." While Newmont has a market capitalisation of around \$25 billion

many of the opponents "didn't have enough money to afford a lawyer".

Right now Newmont's doing something of a starve. Since early this year the ore has run out.

The big Favona underground mine is nearing the end of its life. The new Trio mine is due to start production in mid-May.

No gold production means no revenue – about \$4 million a week. Waihi born and bred florist Kaczon would hate to see the town slip back to the pre-1987 days.

"There were plenty of empty shops. Waihi was a ghost town before